

BUSINESS TRANSFEROR'S NOTICE TO TRANSFEREE OF UNEMPLOYMENT TAX LIABILITY AND RATE

REGARDLESS OF ANY AGREEMENT BETWEEN THE PARTIES TO THE TRANSFER, THE LAW PROVIDES THAT WHEN A BUSINESS IS SOLD (OR OTHERWISE TRANSFERRED), THE BUYER (OR OTHER TRANSFEREE) OF THE BUSINESS MAY BE LIABLE TO PAY THE UNPAID UNEMPLOYMENT TAXES AND INTEREST, AND MAY RECEIVE THE UNEMPLOYMENT TAX RATE, PENALTY, AND THE BENEFIT CHARGES OF THE SELLER (OR OTHER TRANSFEROR).*

THE LAW REQUIRES THE TRANSFEROR OF A BUSINESS, OR THE TRANSFEROR'S REAL ESTATE BROKER OR OTHER AGENT OR ATTORNEY, TO COMPLETE AND DELIVER THIS FORM TO THE TRANSFEREE OF THE BUSINESS. Section 15(g) of the Michigan Employment Security Act [MCL 421.15 (g); MSA 17.515(g)] requires the seller (or other transferor) of a business to complete this form and give an accurately and fully completed copy of this form to the buyer (or other transferee) of the business at least two calendar days (not including Saturday, Sunday, or legal holiday) before the transferor's acceptance of the transferee's offer to acquire the business. This obligation extends to the transferor's real estate broker, other agent, or attorney.

THE INFORMATION SUBMITTED MUST BE CURRENT INFORMATION. The information on this form must be current as of the date it is signed. However, this form may be given to a prospective transferee within 90 days of the date it was signed; the form must be delivered to the prospective transferee not less than two calendar days before the transferor's acceptance of the offer.

STATEMENT OF PENALTIES APPLICABLE FOR NON-COMPLIANCE WITH THE LAW. Failure of the business transferor or transferor's agent to provide correct information is a misdemeanor, punishable by up to 90 days imprisonment and/or fine of up to \$2,500.00. Civil liability for consecutive damages may also apply, as well as other remedies provided by law.

* In general, a person or business that acquires the organization, trade, business, or 75% or more of the assets of a business will be liable for unemployment taxes and interest due the Unemployment Insurance Agency from the seller (or other transferor) of the business at the time of the transfer, up to the reasonable value of the business minus any secured interest in assets.

- Using a separate sheet(s) of paper or computer printout, list the names, addresses, and social security numbers of all your employees as of the date you or your agent or attorney signs this form. This will give the transferee an idea of the number of individuals for whom unemployment tax must be paid, and of the potential number of claimants for unemployment benefits.
- Using a separate sheet(s) of paper or computer printout, list the names, addresses, and social security numbers of all your employees separated from employment for any reason in the most recent 12 months prior to the date this form is signed. This will give the transferee an idea of potential current charges to their account.
- (a) What is the amount of unemployment taxes you have reported to the Unemployment Insurance Agency as owing, but have not yet paid to the UIA?

(b) What is the interest you owe the UIA on this account?

- (a) Which quarterly unemployment tax reports (give calendar quarter numbers and calendar years) are unfiled with the UIA?

_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

- (b) How much do you owe in unemployment taxes for these unfiled quarters? (The UIA may assess interest and penalties on this amount. Interest accrues at 1.0% per month, not to exceed 50%.)

- In the space provided, indicate figures from 5 most recent years, ending the most recent past June 30,

- * (a) the unemployment tax (contribution) payments made to the UIA in each of those years;
(b) the unemployment benefit charges to your account in each of those years;

	12 Mo. Ending 6/30/____	12 Mo. Ending 6/30/____	12 Mo. Ending 6/30/____	12 Mo. Ending 6/30/____	12 Mo. Ending 6/30/____
a. Contributions (taxes) Paid (Includes SUTA Rate Penalty monies)					
b. Benefit Charges					
c. Taxable Wages					

* All of the information you will need to complete Part 5 is shown on your annual rate determinations (Form UIA 1771) for each of the years involved. See the next page of this form for the procedure for calculating tax rate from the information above. If you acquired the business less than five years ago, include information only for the period you have the business, and attach the copy of this form you received from the transferor when you acquired the business (if you acquired the business after April 1, 1990).

- (d) the computed unemployment tax rate plus the Section 18(d) penalty, if applicable, for the current and each of the past four calendar years, even if you have paid the rate under protest, and/or you have appealed the rate;

	Calendar Year 20__	Calendar Year 20__	Calendar Year 20__	Calendar Year 20__	Calendar Year 20__
d. Unemployment Tax Rates (Solvency Rate)					
Non Reporting Penalty					
TOTAL					

(e) the Actual Reserve as of the most recent past June 30;

(f) the Required Reserve as of the most recent past June 30;

(g) the Total Payroll for the 12 months ending the most recent past June 30. **This number field rounds up.**

CERTIFICATION: I certify that the information contained on this form is accurate and complete to the best of my knowledge and belief. I understand that criminal and civil penalties may apply for failure to provide accurate information on this form.

The person signing this form below is the: ☐ Business Transferor; ☐ Transferor's Real Estate Broker;
☐ Agent of Transferor; ☐ Attorney for Transferor.

Name of Business: _____ UIA Employer Account No.: _____

Signature: _____ Date: _____ Telephone: _____

Typed or Printed Name of Signer: _____

Title of Signer: _____

NOTE TO TRANSFEREE: The information on this form may be up to 90 days old. Inquire from the Transferor as to updated information.

CERTIFICATION OF RECEIPT OF INFORMATION BY PROSPECTIVE TRANSFEREE

Name: _____ Date: _____

Signature: _____ Telephone: _____

PROCEDURE FOR CALCULATING UNEMPLOYMENT TAX RATE

A tax rate is composed of the Chargeable Benefits Component (CBC), the Account Building Component (ABC), and the Nonchargeable Benefits Component (NBC). The method of calculating a rate is shown below.

Years of Contribution Liability	Contribution Rate
1	2.7%
2	2.7%
3	1/3 CBC plus 1.8% (maximum rate 3.9%)
4	2/3 CBC plus 1.0% (maximum rate 5.2%)
5	CBC plus ABC plus NBC

Construction employers have higher minimum rates for the first four years of liability.

All rates are figured using the following calculations as provided by Section 19(a)(1) of the Act.

Chargeable Benefits Component (CBC):

The Calculation is: $\frac{60 \text{ months of benefit charges}}{60 \text{ months of taxable payroll}} = \text{CBC}$

The result is rounded up to the next higher 0.1%.

The maximum value is 6.3%.

Nonchargeable Benefits Component (NBC): If there were Benefit Charges in any of the 5 years shown in Section 5(b) of this form, the NBC is 1.0%. If the CBC was equal to 0.1%, the NBC is 0.5%. If there were no Benefit Charges for those 5 years, the NBC is 0.1%. If there were no Benefit Charges for more than 5 years, the NBC may be as low as 0.06%.

Solvency Tax Rate: When the UI Trust Fund has interest-bearing advances from the federal government, a Solvency Tax becomes effective. This tax is levied against all fully experienced employers with a negative (Actual Reserve) balance. Solvency Tax monies are not credited to the employer's experience account. The Solvency Tax, if applicable, shall be computed in accordance with the provisions of Section 19a(2)(e) of the MES Act.

Total Tax Rate: The total rate is calculated by adding the three tax components (CBC + ABC + NBC) and state tax penalties.

Non Reporting Penalty: If any or all quarterly tax reports used in the computation of a tax rate are missing, an additional non-reporting penalty of 2% to 3%, per House Bill 4804 enacted 12/31/93, is added to the Total Tax Rate.

SUTA Rate Penalty: As Required by Public Act No. 18 of 2005, a SUTA Rate Penalty has been added to your computed rate because it has been determined that you knowingly violated or attempted to violate Section 22b(1) of the MES Act.

IF YOU NEED ASSISTANCE IN COMPLETING THIS FORM, YOU MAY CALL THE UIA TAX OFFICE AT (313) 456-2180.

THIS FORM MUST BE PROVIDED TO PROSPECTIVE PURCHASERS.